



BIH TOURISM BRANDING & MARKETING STRATEGY

PART II: MARKETING

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1. INTRODUCTION

Purpose & Context

This document sets out a strategic approach for developing tourism to Bosnia i Hercegovina (BiH).

It identifies:

- where BiH's **main market opportunities** lie
- how to **exploit** them
- how to develop a **competitive edge** for BiH.

It is the first of two documents covering the marketing of BiH. These two documents comprise the following elements:

- a **strategic marketing framework** (this document)
- a **branding strategy**. (N.B. The branding strategy is contained in a separate document)

It has been prepared by Tom Buncle, global branding advisor to the USAID Cluster Competitiveness Activity programme. Sources of information and consultees include: public, government and private sector stakeholders throughout BiH, including tourism businesses, academic institutions, entity, state and district (Brcko) level organisations and ministries; discussion with UK tour operators; a recent USAID CCA survey of tour operators in Europe, USA, Canada and Japan.

Content

Core contents of this document are:

- **Situation Analysis:** How does BiH currently perform as a tourism destination?
- **Objectives:** What should BiH's key marketing aims be?
- **Market Potential:** Which markets, and which segments, offer the best potential for tourism to BiH?
- **Marketing Recommendations:** How can BiH tackle these market segments cost-effectively? What should BiH's priorities be?
- **Benchmarking:** What do competitor countries spend in promoting their tourism?
- **Resources:** How much, approximately, marketing investment is required to achieve impact in key markets?
- **Next Steps & Measurement:** What needs to be done next to implement these recommendations? How can progress be measured?

The second **Branding Strategy** document addresses key questions regarding BiH's image and competitiveness: Where does BiH's competitive edge lie? How can this be maintained and developed?

Branding vs. Marketing

Although the initial assignment was limited to the development of a branding strategy, it became clear that an outline tourism marketing strategy was required.

The difference between a branding and a marketing strategy is:

- A **marketing strategy** encompasses all business processes from identifying customers (potential visitors), through product development and promotion to monitoring impact¹. It

¹ Definitions of marketing: "Marketing is the management process responsible for identifying, anticipating and satisfying customer demands profitably" - British Institute of Marketing

addresses who will offer the best potential for the country; where they will come from; what type of tourism experiences they are seeking; how they can be reached through marketing communications; which other destinations sit within the competitive set; and ideally, what developments need to be put in place to attract new and future visitors. It is a holistic process that assesses how to gain and retain customers.

- A **branding strategy** involves the development of a clear and enduring brand essence for the country that can stand the test of time and, through consistent application in marketing communications, enable the country to stand out competitively. It is the development of a clear and differentiated personality for the country. It is the cornerstone of all marketing communications.
- A branding strategy is **part of a marketing strategy**.

Strategic Focus on Tourism

As with most country brands, BiH's external image is driven more by people's perception of the country's image as a tourism destination than by any other single factor.

BiH does have other non-tourism products (e.g. wood, water) that could contribute towards a strong national brand and, in turn, benefit from it. This is alluded to in the brand proposals. However, it was not possible to arrange meetings with representatives in these industries to progress this discussion. This strategy focuses on the tourism sector specifically – how BiH can attract international visitors in order to assist the country's economic development.

2. SUMMARY

2.1 BiH's Main Appeals

The legacy of years of conflict is still physically evident throughout BiH. However, there appears to be a commitment throughout the country to move forward and to do what it takes to develop a healthy tourism industry. Neither the memory nor the visible legacy of the conflict are likely to be a deterrent to BiH's main markets. **Those who will find BiH most appealing are likely to be relatively sophisticated, resilient travellers, with an interest in culture and outdoor activities/soft adventure for whom the conflict is a distant memory.**

BiH's greatest **assets** lie in four areas:

- **Nature:** beautiful landscape, relatively unspoilt nature
- **Culture:** intriguing cultural heritage, historic cities, contemporary culture: "east meets west"
- **People/hospitality:** a deep-rooted tradition of hospitality
- **Outdoor Activities:** particularly hiking, fishing and river rafting.

The **natural environment, cultural heritage and outdoor activities** are likely to remain the primary motivators that attract international visitors to BiH on a long-term sustainable basis. BiH's deep-rooted tradition of **hospitality** will underpin this appeal.

2.2 Product Development and Infrastructure – Improvements Needed

Developments are taking place, particularly in places with the most obvious tourism appeal, such as Sarajevo, Mostar and several rural areas. International standard hotels and more modest guesthouses are gradually emerging to cater for a range of tastes and pockets.

"The performance of business activities that direct the flow of goods and services from producer to customer or user" – American Marketing Association

And the Bosnian tradition of hospitality appears to provide a sound foundation on which to build the standard of hospitality expected by international guests.

Significantly too, the Sarajevo Film Festival provides a contemporary point of resonance to complement the country's rich cultural heritage. And winning the right to host the 2009 World Rafting Championships will reinforce perceptions of BiH as a youthful, active country.

Major improvements at a macro-level that would enable BiH to compete more effectively for international visitors fall into two categories:

- **Product, infrastructure and service quality** improvements, such as: a greater spread of accommodation throughout the country, better international rail connections, greater air access from key markets at affordable prices, better interpretation of the country's heritage, signposting indicating places to see and things to do, increased customer service skills and understanding of the preferences of visitors from different countries.
- **Adequate financial resources and people skills** to market the country internationally are critical to enable BiH to penetrate international markets on a competitive basis.

Other constraints that need to be addressed to aid BiH's competitiveness as a tourism destination are:

- **Access** to some of BiH's main appeals - the countryside - remains quite restricted. Mine clearance will eventually open up new areas for hiking – both guided and self-guided.
- The presence of **wildlife**, even where visitors are not dedicated wildlife enthusiasts, is a valuable aspect of a scenic rural destination. It reinforces the natural aspect of the destination. At the moment **bird life** appears to be quite sparse in BiH, with the exception of seasonal migratory bird populations, which in themselves offer a niche opportunity for attracting birders.
- **Air access**, having gone through a brief capacity boost with the introduction of a British Airways flight from London, is an issue. BA's subsequent reduction in frequency and the limited frequency of other direct services from main markets represents a significant constraint on potential tourism growth.
- **Road access** to most tourism areas, is reasonably adequate for short-medium term tourism needs, although there is congestion and poor road quality on main routes into and out of Sarajevo.
- **Tourism signage** is currently rudimentary,. Significant progress has, however, been made in Hercegovina, with international-standard tourism signage on main routes.
- **Heritage interpretation** is also quite rudimentary. Visitors would expect a country as rich in cultural heritage as BiH to convey its heritage (both historic and recent) through competent guides and informative interpretive panels/tableaux/electronic guides at main sites. The sensitivities involved in interpreting recent history for visitors is understood. However, visitors will want to leave with a better understanding of this than when they arrived.
- **Public transport**, especially bus, is limited in terms of frequency and variable in terms of quality. More importantly the separation of Sarajevo bus stations (downtown and in RS near the airport) is confusing for foreign visitors.

Critical mass is important. As awareness of BiH increases through foreign tour operators' take-up of BiH programmes, coverage in the foreign travel press and, hopefully, concerted marketing by the state, tourism to BiH is likely to grow. And with this growth will come opportunities for businesses. A greater variety of restaurants, accommodation, entertainment and activities, can be expected. And as visitors increase and seek to explore BiH, the benefits will begin to spread throughout the country.

2.3 Core Markets

BiH is not, nor should it aspire to be, a mass tourism destination. Its strength lies in its **niche appeal** to visitors who are relatively well travelled, who tend to be relatively affluent, active and whose environmental impact is likely to be more modest. The largest concentration of these people tends to be in the traditional and more affluent volume-producing markets of western Europe (e.g. UK, Germany, Holland, Italy) with growth potential from newer markets such as Spain.

Current “cash cow” markets, such as **Adriatic capital city tours, day trips from Croatia** by holidaymakers from northern/central Europe, **religious pilgrimage tours** to Medjugore, Blagaj and Stolac, will remain important sources of revenue.

Regional conferences may still gravitate to Neum, while **local and regional skiers** will enjoy BiH’s ski resorts and modest growth can be expected from regional markets for spas as product developments come on stream. But higher spending international conference delegates and skiers are looking for a more easily accessible and higher quality experience, while the international demand for spas focuses on a more intimate and exclusive “wellness” product, than that currently available in BiH.

However the greatest, and most sustainable, growth opportunities lie in attracting new visitors, who will seek out Bosnia’s inherent appeals. These are primarily **niche market segments**, such as: “**soft outdoor adventurers**”, **hikers, fishermen, river rafters, birders** (migratory season only) and **history/culture enthusiasts**.

Most of this growth will come from the more **traditional tourism-producing markets in Europe**, as well as neighbouring **regional** markets.

2.4 Marketing Focus

This is a 5-year strategy. It is split into 2 phases: years 1-3 and years 3-5.

These priorities assume a modest marketing budget with, hopefully, a budget increase from year 3 onwards, as the benefits of marketing investment become apparent.

Market Priorities

Main priorities in years 1-3 are to develop international markets offering the best growth opportunities for BiH. These are:

- The **regional market** for outdoor enthusiasts, particularly in Slovenia, Serbia, Croatia and the Czech Republic
- Niche markets – particularly **outdoor enthusiasts**, such as hikers and watersports enthusiasts, as well as those interested in **culture and history**, in the **UK**, followed by **Germany**, then **Holland**.
- Special interest segments, such as **birders** and **fishermen**, initially in the UK. While the size of these segments might not normally warrant separate attention, once a basic level of investment has been made in developing the UK, the additional cost of targeting these segments is marginal and potentially disproportionately valuable.
- Continued development of niche markets (e.g. fishing) in **Italy & Sweden**, which are already delivering business for some tour operators.

Marketing Strategy

This strategic marketing framework addresses the need to:

- **create awareness of BiH** and stimulate an interest in visiting the country
- **ensure holiday packages are available in international markets** for potential visitors, whose interest has been aroused, to buy (e.g. through tour operators and travel agents)

- **service the demand for information, with links to bookable BiH tourism product**, so that potential visitors can confirm their decision to visit and book a trip to BiH

Marketing Mix

A basic market-entry level **marketing mix** recommends the following marketing tactics. These have been prioritised according to their cost-effectiveness.

- **Core marketing support materials:**
 - A national website that is content rich and interactive, with links to bookable BiH tourism products
 - A main annual brochure on BiH.
 - Both the website and brochure should be in the languages of priority markets being targeted during years 1-3.
 - An on-line photo library for travel writers, international tour operators and BiH inbound tourism operators to access free of charge.
- **Media relations:**
 - Publication and distribution of a newsletter/press releases to targeted international media
 - Travel writers' visits to BiH.
 - This activity should ideally be undertaken through PR agencies appointed in key markets, beginning with the UK.
- **Advertising:**

Although expensive, targeted and cost-effective advertising opportunities should be sought to increase awareness of BiH, particularly:

 - Niche co-op marketing with international tour operators selling BiH packages in key markets, beginning with the UK and regional markets
 - Outlets for the highly acclaimed "Enjoy Life", which provides an inspiring and informative overview of BiH as a visitor destination
- **Trade Distribution:**
 - Attendance at the world's two most international **trade fairs, WTM London and ITB Berlin**
 - Explore the potential offered to reach markets closer to home through attendance at selected **regional trade and consumer fairs**. N.B. These will need to be carefully monitored for the quality of visitors (i.e. influential tour operators and serious prospective visitors, rather than "armchair travellers") in order to analyse the benefits vs. the cost of attending each year.

Familiarization trips to BiH for targeted tour operators from main markets.

2.5 Resources and Next Steps

This strategy has been prepared on the basis that a state-level body, carrying out the functions of a **national tourism board**, would be required to implement these recommendations. This will be particularly important in order to address the gap that will result following the end of the USAID CCA project, in which USAID CCA, with the support of the Tourism Association of the Federation of BiH, has undertaken many of the functions that would normally be carried out by a tourism board.

Indicative **marketing costs** to carry this out are identified in Section 9.

Although an assessment of **human resource** requirements is not within the scope of this brief, top-line skills needed to undertake these recommendations are outlined.

The next steps that need to be undertaken to implement these recommendations include:

- Establish a formal state-level body with responsibility for undertaking the normal functions of a **national tourism office** (NTO), in order to build on the activities launched

by USAID CCA. This must have complete commitment from the state, both entities and Brcko district, as well as the private sector.

- Allocate a realistic **budget** to this body to carry out these functions.
- Prepare a **marketing plan** to implement this strategy.
- Address knowledge gaps in areas of market performance and market potential through a **research plan**.
- Develop a **brand guidelines toolkit** to explain how all stakeholders can apply the brand in their own marketing communications. (See Branding Strategy)

Develop a **stakeholder engagement strategy** to involve key players in tourism planning and thereby maximise the impact of BiH on the international stage.

3. SITUATION ANALYSIS

This section describes the current tourism situation in BiH: the current tourism market; BiH's strengths, weaknesses, opportunities and threats (SWOT); current infrastructure, product capacity and quality standards; growth opportunities; marketing activities to date.

3.1 Current Market

The current tourism market comprises primarily:

- **Southern BiH:** Day trips from Croatia by northern/central European holidaymakers, who have been motivated to spend a holiday in Croatia by Dubrovnik and the beach. The most popular excursions are day trips to Mostar and river rafting.
- **Sarajevo and northern BiH:** Adriatic coach tours. These tend to take in places such as Venice, Bled, Zagreb, Ljubljana, Plitvice, Split, Dubrovnik, Sarajevo, Mostar. They seldom spend more than 2 nights in BiH.
- **Religious pilgrimages:** This is a buoyant niche market that is driven by religious groups:
 - **Medjugore** (Catholic) attracts massive numbers, particularly from Ireland, Italy and Poland, but also from many other countries across the world. But, as most pilgrims land in Split, their awareness of Medjugore's location in Bosnia is not always high; nor is this particularly relevant to most visitors.
 - **Blagaj** (Islamic) attracts regional and Turkish visitors
 - **Stolac** (Jewish) attracts pilgrims at significant dates in the Jewish calendar
- **Regional and domestic visitors:** Main attractions are skiing ,spas, plus rafting.
- **Conferences:** While places such as Neum attract regional conferences, the product quality, service standards and air access are not competitive for international conference delegates from further afield.
- **Bosnian diaspora:** This is growing, although, as visitors, they are likely to spend most of their time with friends and family, particularly in the early years. As with religious pilgrimage tourism, this segment, and their decision to visit, is largely beyond the influence of any tourism marketing campaign.
- **Local expatriates:** Although their numbers are declining as aid projects end or are localised, a considerable number of foreign expatriates still live in Bosnia. There are also some foreign students. They participate in outdoor activities (e.g. guided walking) and self-driven regional sightseeing.
- **Other international:** There is currently little discretionary international leisure tourism, either independent or packaged, of the sort that is now growing in neighbouring regional countries such as Croatia and Slovenia. However, there is evidence of emerging visits by

backpackers who, like the first swallows heralding summer, tend to be the pioneers for new destinations. Also, tour operators in the UK are beginning to package BiH for cultural and active holidays. This is an important step in creating demand and gaining BiH a foothold in the international tourism supply chain. It is also a vote of confidence in the country that will not go unnoticed by other tour operators seeking to extend their holiday product range.

3.2 SWOT Analysis

The following represents a top-line assessment of BiH's strengths and weaknesses as a tourism destination, plus the opportunities and threats it faces. This is based on responses from stakeholders and a comparison of BiH with competitor destinations.

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Unspoilt nature • Hospitable people • Rich cultural heritage (east-meets-west) • Beautiful scenery • Good road system • Historic cities + unspoilt countryside 	<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Walkers/hikers • Adventure activities (e.g. rafting, kayaking, canyoning) • City breakers • Cultural heritage/history enthusiasts • Religious pilgrimage (Medjugore – Catholic, Blagaj - Muslim, Stolac – Jewish) • World Rafting Championships 2009 • Proximity to Croatia = potential for two centre/touring holidays incorporating beach plus culture/adventure • Economic growth in neighbouring countries (e.g. Slovenia, Hungary) • Search for new destinations by well-travelled Europeans • Natural environment • Skiing (mostly regional) • Seasonal niche opportunities (birdwatching, floral walks) • Fishing
<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Lack of awareness of BiH in potential markets • Limited marketing funds • Limited, and relatively expensive, air links • Limited rail links to rest of Europe • Accommodation quality • Service standards • Cost of car rental • Mined areas restrict independent/self-guided hiking • Limited interpretation of historical and cultural assets 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Failure to present BiH coherently in overseas markets as one country will perpetuate the country's invisibility as a tourism destination • Environmental degradation (e.g. rubbish disposed at roadside/in rivers) • Inadequate preservation of cultural heritage (both traditions & built heritage) • Perception that mined areas restrict access to countryside much more extensively than they actually do • Competition from fast-growing regional destinations (e.g. Croatia, Montenegro, Slovenia, Albania)

3.3 Infrastructure, Product Capacity and Quality

As identified above, BiH's current tourism infrastructure, product quality and service standards are not as high as many international visitors require. And capacity is relatively limited, particularly outside Sarajevo, Mostar and Banja Luka, particularly accommodation.

However, there is an element of chicken vs. egg in changing this situation: growth in demand will encourage investment, but investment is required to stimulate demand. Nevertheless the current travel behaviour of expatriates working in BiH, plus regional visitors, can be viewed as

indicative of the motivation and future growth potential of other international visitors who will follow. There has been a certain growth in both product capacity and quality, mainly in the cities, to service these markets. This has provided a good foundation for investment and emerging competition, which will begin to drive standards, and therefore BiH's international competitiveness, up.

3.4 Growth Opportunities

Much of BiH's current leisure tourism is arriving, ironically, almost by default, without an overwhelming motivation to visit BiH itself (e.g. regional tours that include a couple of days in BiH en route; day trips to go rafting or visit a nearby cultural city - Mostar from Croatia).

While this provides some income from tourism, albeit on a highly seasonal basis, it suggests that BiH is considerably underperforming its potential as a tourism destination. BiH contains appeals worth visiting, but gains relatively little revenue from overnight tourism. The opportunity therefore lies in persuading people to visit BiH for longer and spend more.

The bulk of untapped potential therefore lies in niche markets, such as:

- **hikers, rafters and other outdoor activity enthusiasts**
- **culture/history enthusiasts**
- **fishermen**
- **birders (seasonal according to the presence of migratory bird species)**

By attracting these more adventurous travellers in the first instance, who will travel to places others wouldn't to pursue their interest, this will begin the process of "normalising" and broadening BiH's appeal. Ultimately this will spread awareness of BiH to a wider audience that is motivated by the more general cultural/historic/scenic appeals of a country. Quite simply, this is an important first step to put BiH on the tourism map again.

Developing a clear brand, which will differentiate BiH from its neighbours and provide compelling reasons to visit, is a major milestone in this process (See Branding Strategy).

3.5 Marketing Activities

Marketing of BiH internationally has been undertaken by the private sector, the Tourism Association in BiH and USAID CCA, which has undertaken a number of highly targeted activities and acted almost as a de facto tourism office, in the absence of a national tourism board. This has begun to stimulate interest among foreign tour operators and international travel writers.

An award-winning video ("**Enjoy Life**"), which provides an inspiring overview of BiH as a tourism destination, has been produced. While budgets have not permitted the advertising weight that would be required to penetrate key markets at threshold levels to generate significant awareness, it has nevertheless had useful, albeit limited, exposure to European markets via CNN and at trade fairs in the UK and Germany and via You Tube. Significantly, one of the unintended spin-offs of airing "Enjoy Life" on CNN appears to have been an increased sense of national pride in BiH as a country and a consequent commitment to cooperation and unity of effort at entity and state levels in promoting BiH as a tourism destination.

BiH has attended the world's two most productive trade fairs with commercial partners (**World Travel Market, London & ITB, Berlin**), winning a stand award in 2007 at WTM, the world's biggest international travel fair. Tour operators, particularly in the UK, are featuring BiH for the first time since the war in their 2008 brochures as a result of this activity.

London's influential "**Time Out**" was persuaded to produce an edition on Sarajevo and BiH. Several articles have been written by major **travel writers** from appropriately targeted media in the UK, as a result of a travel writers' trip organised by USAID CCA and British Airways.

The quality and targeting of these marketing efforts, including the high production values and creative execution of “Enjoy Life”, is exemplary. Particularly in light of little tourism marketing experience and limited budgets, the extent and focus of these activities is highly commendable.

The challenge now is to build on these activities in order to maintain and develop international awareness of BiH as a tourism destination, following the end of the USAID CCA tourism project.

4. OBJECTIVES

This section proposes the main aim and objectives for BiH. Ideally these would be adopted by a national tourism board responsible for developing tourism for the entire country.

4.1 Aim

The overriding aim in developing tourism in BiH is to **generate a sustainable source of economic growth that will underpin peace, accelerate economic development and grow prosperity throughout the country.**

4.2 Objectives

The objectives that BiH should pursue in developing tourism as one of the main drivers of the country's economy are:

- **Grow tourism numbers:** Growth is needed to create a critical mass of visitors. Evidence of growth will attract investment, increase capacity and improve standards. This will provide the foundation for a sustainable long-term tourism industry.
- **Increase tourism spend:** Ultimately, once the numbers start growing, the focus should change more to driving up spend from visitors. This will require a healthy mix of different visitors and an understanding of which visitors will contribute most.
- **Spread tourism throughout the country:** While it is important to spread the benefits, particularly of the income, that visitors bring throughout the country, it needs to be recognised that this is very much subject to the sensitivities of market demand: visitors will not travel to somewhere that holds no inherent appeal.
- **Extend the season:** Climate and traditional visitor travel patterns make this a hard objective. It is one that can perhaps be addressed more vigorously after significant growth has been achieved. However events, such as the Sarajevo Film festival and other cultural and sporting events, offer a means of addressing this objective. So too do activities of interest to the regional market, such as spas, skiing and conferences.
- **Increase employment:** It will be important to recognise the impact of tourism-inspired employment well beyond the tourism industry itself, as well as direct employment in the tourism industry. Jobs will be created by the tourism economy - in business clusters around visitor needs (e.g. printing, cleaning, website development, driving, food production and processing, construction, maintenance etc.). A robust system of measuring such impact will need to be put in place (e.g. Tourism Satellite Accounting System)
- **Improve skills:** Tourism is a service-intensive industry. Continuous skills development will be required to develop and maintain BiH's international competitiveness. No destination stands still in this area. Internationally customer handling skills are always improving as destinations and tourism businesses strive to compete for visitors. BiH has a double challenge both to catch up, and then maintain, skill levels.

4.3 Targets

Targets should be set in a tourism action plan, with budget allocations. These should cascade from the above objectives.

An action plan should be developed, based on this strategic framework, once budgets are allocated for international tourism promotion.

5. MARKET POTENTIAL

This section identifies where BiH's main future tourism potential lies.

5.1 Geographic Markets

In assessing tourism potential for BiH, it is helpful, but only as a starting point, to identify the biggest tourism-producing countries. These need to be further qualified according to their proximity to BiH, the proportion of outbound travellers that are seeking what BiH has to offer (i.e. nature, culture, heritage, rather than beach tourism, which accounts for a considerable percentage of many European countries' outbound tourism figures), air access and consumer preferences.

The table below shows the world's top ten largest tourism-producing countries² in 2006.

Tourism-Producing Market	\$ US billion
Germany	74.8
US	72.0
UK	63.1
France	32.2
Japan	26.9
China	24.3
Italy	23.1
Canada	20.5
Russian Federation	18.8
South Korea	18.2

These figures include both discretionary and non-discretionary travel. They therefore mask the genuine potential for discretionary travel, such as leisure, conferences and study. However it is clear that, in Europe, Germany and the UK are the leading outbound destinations.

5.2 Market Mapping

In assessing tourism potential, it is much more helpful to identify the market segments that will appreciate what BiH has to offer. Figures for these segments in different countries are not available. However, by looking at what other countries are doing, coupled with market trend analysis, some relativities can be established.

The following factors have been taken into account in identifying market segments that offer BiH's best opportunities:

- Overall outbound market size
- Average spend per outbound tourist
- Level of interest in nature, culture, heritage
- Interest in outdoor activities and other niche products, such as birding and fishing (as evidenced by the number of clubs, magazines, websites and tour operator programmes devoted to these interests, as well as the current level of participation in such activities, in the source country)
- Extent to which similar or neighbouring countries feature in foreign tour operator programmes

² UN World Tourism Organisation (UNWTO) 2007 (2006 figures).

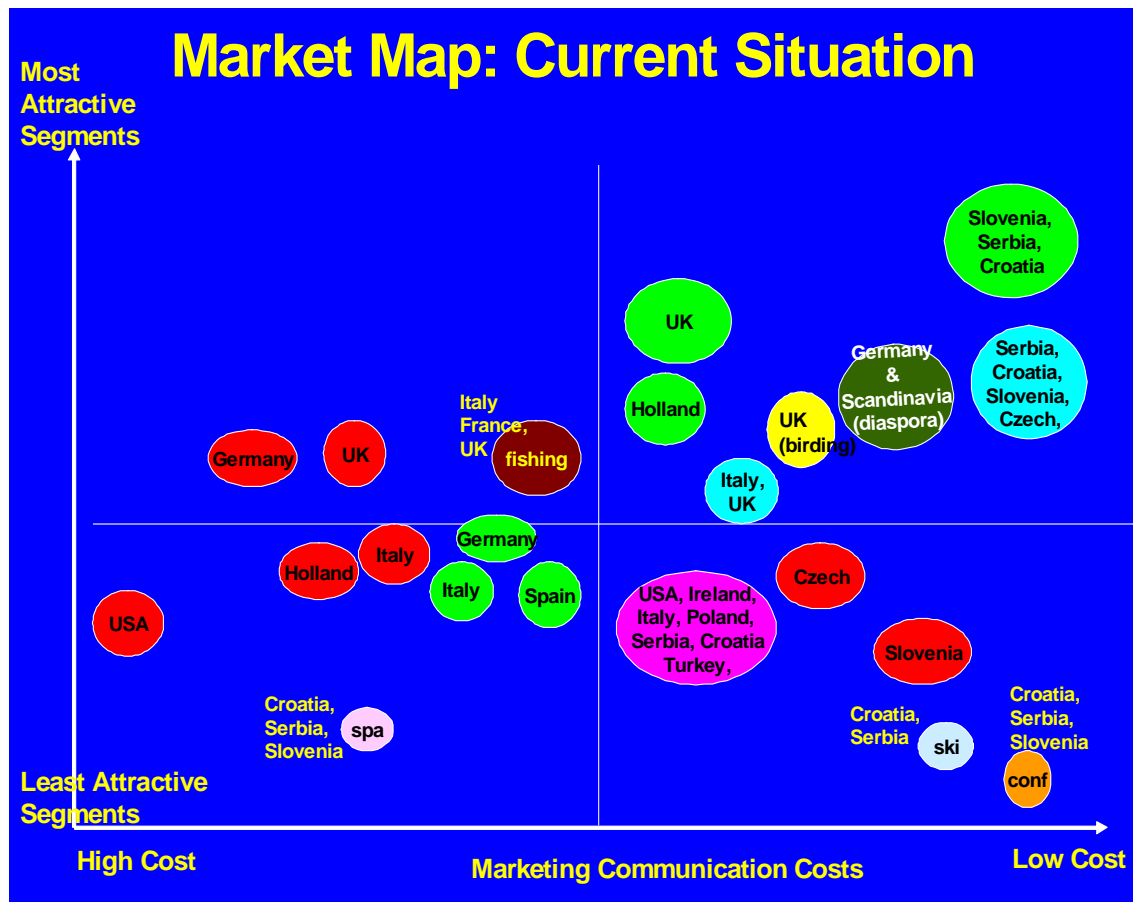
- Level of education, particularly tertiary (Research regularly indicates a disproportionate interest in culture and heritage amongst travellers who have received a tertiary education)
- Propensity for independent or more adventurous travel (as evidenced by the number of tour operators selling more adventurous / “exotic” products, as well as market intelligence)
- Current sources of business in BiH and activities/interest participated in by current visitors from main markets (informed by BiH incoming tour operators)
- Market proximity
- Air access
- Traditional links and family or cultural affiliations
- Global travel trends and anticipated changes in the near future
- Marketing communications cost: relative cost of communicating with each segment (as evidenced primarily by media costs in that market. Niche market communications, such as hiking magazines or club newsletters, which are more affordable, have been taken into account for niche segments)
- Additionally, these segments were brainstormed in 3 workshops with BiH stakeholders from the public, government and private sector, state entity and district levels, in Sarajevo and Banja Luka in Jan 2008.³

Using these criteria, the market maps below demonstrate where BiH's best opportunities lie.

These show BiH's best prospects according to **segment size** (size of circle) and position in terms of their **attractiveness** (vertical axis) and **cost of communicating** with them (horizontal axis) over the next **5 years**. This assumes an increase in awareness of BiH over that period, through tour operator programmes, press coverage and BiH's own marketing. The larger the segment, and the closer to the top right of the figure, the greater the potential that segment offers for BiH.

³ Appendices 1 & 2 represent the combined output of these seminars, showing the relative priorities accorded to segments in different countries – based on current behaviour & anticipated potential

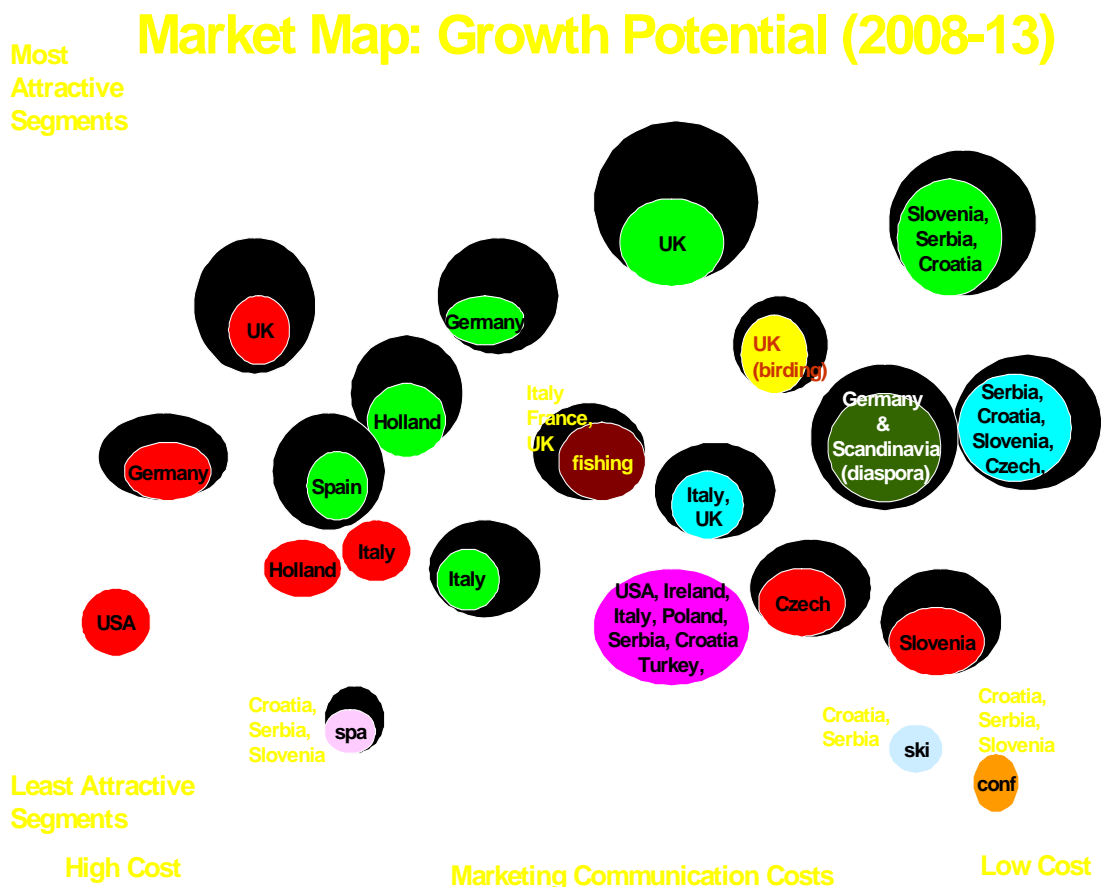
Figure 1: Market Map: Current Situation



Key

- = Interested in culture/history/heritage
- = Hikers, outdoor activity enthusiasts (incl. horse riding, cycling)
- = Fishermen
- = Birders
- = Watersports enthusiasts (rafting, canyoning etc.)
- = Conferences
- = Spas
- = Skiing
- = Bosnian diaspora
- = Religious pilgrimage
- = Potential segment size (size x value over next 5 years)

Figure 2: Market Map: Growth Potential

**Key**

= Growth potential.

The difference between the size of the colored, smaller, inner circle and the outer black circle represents the **potential for growth of each segment**. The larger the black section, the greater the growth potential.

5.3 Market Opportunities

The figures above represent an attempt to map the relative current value and future potential of different segments in different countries. It is important to understand that this is not precise or to scale; its value lies in demonstrating the **relativities between different segments**. This is the first step in identifying priorities so that a progressively phased approach can be taken to developing these markets.

Figure 2 above illustrates where growth opportunities lie over the next 5 years, 2008-2013.

Key insights regarding BiH's future markets are:

- The **regional market for skiing, spas and conferences** can be expected to remain relatively static, although the development of new spa products will attract some growth from domestic and regional markets.
- The **religious pilgrimage** market may continue to grow at current rates. However, there is little any tourism promotional body in BiH can do to influence the performance of this market.
- Steady growth can be expected from **regional visitors**, particularly:

- Slovenian, Serbian and Croatian hikers and outdoor enthusiasts
- Serbian, Croatian, Slovenian, Czech, watersports enthusiasts (esp. rafters and canyons)
- Czechs and Slovenians interested in Balkan culture and history, although less of these people are likely to visit than outdoor enthusiasts
- Modest growth from a relatively small base, can be expected from **UK and Italian watersports enthusiasts**, particularly rafters and, to a lesser extent from the UK, canyons. This can be expected to grow more rapidly, with several more nationalities appearing, in the 3 years following the hosting of the World Rafting Championships in BiH in 2009.
- Modest growth can be expected from a small base from **UK birders and Italian, French and UK fishermen**
- Growth can be expected too from the **Bosnian diaspora**, particularly from Germany and Scandinavia, home to some of the largest foreign Bosnian communities, although, like religious pilgrims, these visitors are largely beyond the influence of a tourism promotional body.
- As BiH becomes more noticed, particularly by tour operators, a growth in packaged trips, as well as independent travel, can be expected amongst people interested in **culture and history from Germany and the UK**.
- However the greatest growth is likely to come over the next 5 years from **hikers and outdoor enthusiasts**, many of whom will combine a trip with cultural sightseeing visits to places such as Sarajevo, Mostar, Blagaj, Stolac, Lukomir etc.
- The greatest opportunities lie, in order of priority, in the following source markets:
 - **UK**
 - **Germany**
 - **Holland**
 - **Spain**
 - **Italy**
- It is worth explaining why some countries, whose tourism performance elsewhere might suggest they should be included, are **not identified as priority target markets** for BiH in years 1-3.
 - **Spain** is somewhat of a sleeping giant or, more accurately, a giant whom few destinations have noticed has awoken. Spain burst on to the scene as a large source of outbound tourism after the restrictions imposed during the Franco years were lifted. The market accelerated towards maturity and Spaniards now travel as adventurously as many other nations that are considered adventurous travellers, such as the British, Dutch and Germans. **Spain should be monitored as offering considerable future potential.**
 - **France** does not feature as a major potential market for BiH. In spite of its size, a disproportionate amount of French holiday at home (France has a very high second home home-owning rate), travel to more traditional destinations, long haul beach destinations, Francophone destinations and French dependent territories, and seek high standards of accommodation and service on holiday. Consequently France offers less potential for BiH than its outbound numbers would suggest. **French fishermen, do however offer a good niche opportunity.**
- **Scandinavia** does not feature, other than as a source of visitors from the Bosnian diaspora living there. This is because, although there is some potential in these markets, Scandinavia is not one single market but is actually made up of 3 quite small markets (Denmark, Norway, Finland) and one larger one (Sweden), all of which need to be addressed separately in marketing communications, and all of which are very expensive

to reach. However, the **existing Swedish market should be nurtured** through attendance at major trade fairs (i.e. WTM and ITB). The rest of Scandinavia, as well as other markets, can also be addressed modestly but cost-effectively in accordance with their potential, through these trade fairs.

6. MARKETING RECOMMENDATIONS

This section explains, firstly, the efficacy of different **marketing tactics at a theoretical level**, by explaining the techniques most tourism destinations use to market themselves. It then recommends a series of **marketing activities for BiH** to undertake. These are **prioritised geographically**, and **by market segment**, over a 5-year period.

6.1 Destination Marketing Blueprint: How Other Countries Do It

The size of the potential market for tourism to BiH is currently quite limited. It is also defined quite specifically in terms of interest, experience, mindset and income, as outlined in the visitor profile above. This is a good thing, as the cost of international marketing is high and a tightly defined market enables a highly targeted and cost-effective approach.

In order to select the right marketing mix in promoting a destination, it is important to understand the influences on potential visitors when considering their holiday choices, how they decide, and how they book. A theoretical analysis of how customers obtain information on, and book a holiday in, a destination such as BiH follows. For purposes of clarity, the terms “tourism board”⁴ has been used, as this is the most common, and effective, vehicle for marketing a destination internationally.

The Customer Journey

There are three major steps in the tourism supply chain, otherwise known as the “**customer journey**”:

- **Step 1: Stimulating consumer interest in, and demand for, BiH**



- **Step 2: Ensuring potential visitors can obtain further information and buy a trip to BiH, once their interest has been aroused**



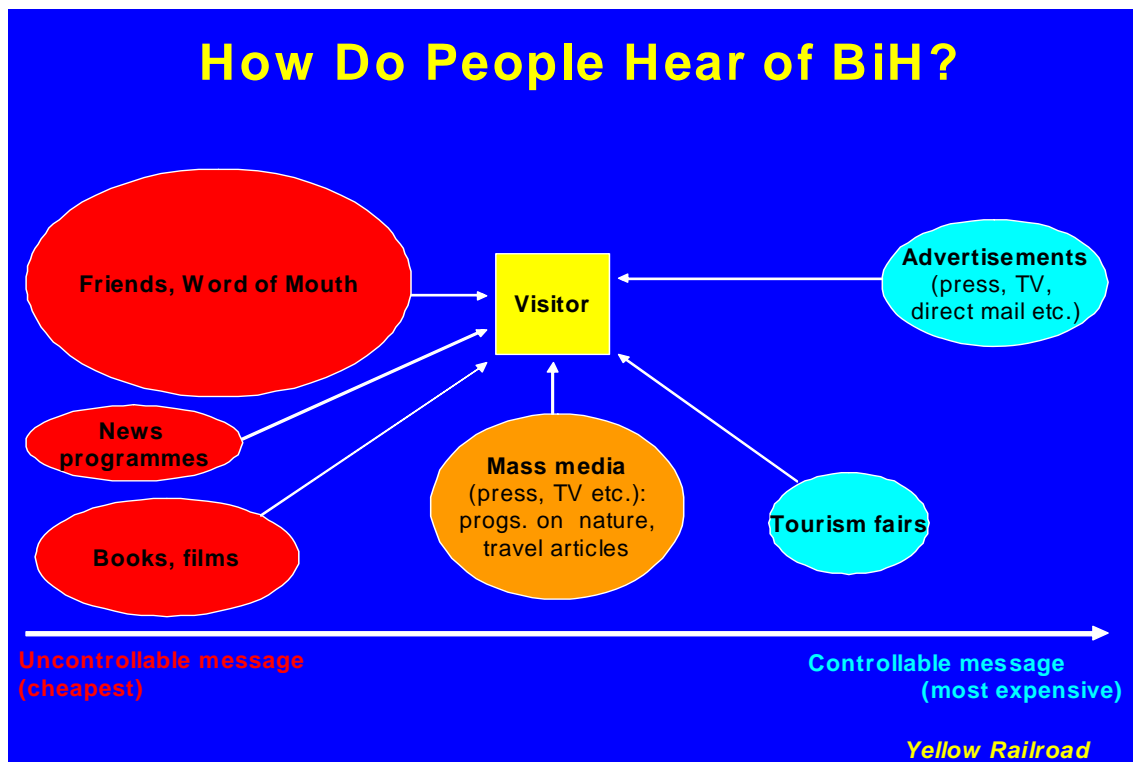
- **Step 3: Satisfying visitors while they are in BiH**

Step 4, which completes the “virtuous circle”, would be visitors returning home from BiH telling their friends what an amazing place it is and recommending them to visit it. This “word-of-mouth” endorsement is the most powerful advertising a destination can get.

The following figures demonstrate the “**customer journey**” in more detail:

⁴ Also referred to as a “national tourism organisation” (NTO)

Figure 3: Influences on Destination Choice



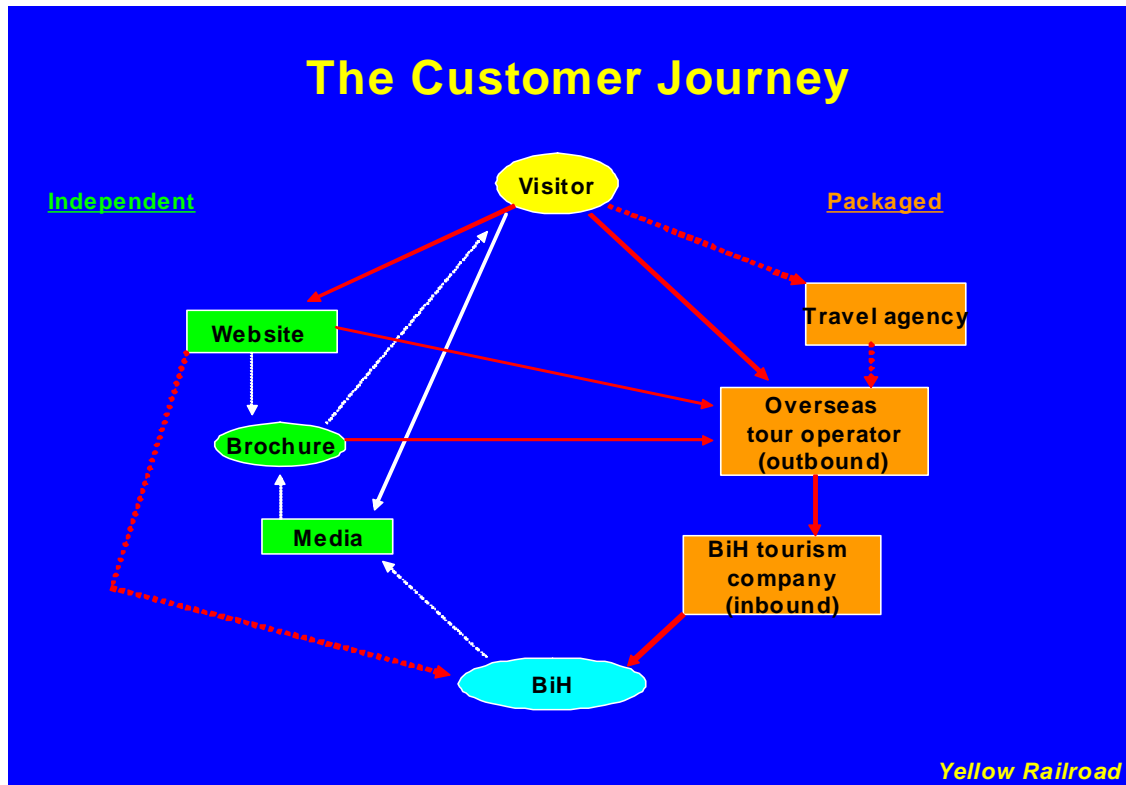
Explanation

The sizes of the circles in the diagram above represent the level of influence these items exert on the visitor in making a holiday destination choice.

Their position on the horizontal axis reflects both their cost and the extent to which the message can be controlled.

Tourism boards can have little influence on the customer until at least halfway along the horizontal axis: through press articles (orange circle).

Figure 4: The Customer Journey



Explanation

Although this shows a distinction between “independent” and “packaged” travellers, the most likely “customer journey” by a prospective visitor to a less well-known destination such as BiH, would be for him/her to:

- read a magazine article on BiH, or hear about BiH from friends;
- search for BiH on the web (e.g. BiH national tourism site)
- request a brochure on BiH (or maybe buy a guidebook)
- contact a travel agent or tour operator in his/her own country to book a trip to BiH.
- The foreign tour operator then contracts with an inbound tourism operator to supply the holiday for his/her client

Of course, some visitors will travel independently, arranging everything themselves over the web. This can be expected to increase as BiH becomes more established as a tourism destination

Figure 5: Marketing Channels



Explanation

This model illustrates how a tourism board/association, with responsibility for marketing the country, would communicate with a potential visitor in order to stimulate his/her interest and maximise the chances of him/her visiting the country. It identifies two main channels – **consumer and travel trade** – because BiH could expect visitors to use both these channels. Although independent travel is growing, visitors to less well-known destinations such as BiH are more prone to book via foreign tour operator in their home country, rather than directly. This is even more likely in the case of niche travellers, such as hikers, rafters etc., who have quite specific requirements of their trip.

The red arrows indicate activity undertaken directly by the tourism board. The white arrows indicate activity undertaken by others, as well as information flows.

Direct to Consumer:

- The tourism board produces 3 pieces of core source material: a **website**, an annual **brochure**, and a regular **consumer newsletter** (e.g. monthly, quarterly)
- The newsletter is distributed to the destination's overseas **PR agencies** for them to select relevant stories and place them with appropriate media, as well as for onward distribution to potential visitors, via embassies etc.

Via the Travel Trade:

- The tourism board produces a **trade newsletter** on latest developments (e.g. new products, new routes etc.) of interest to the foreign travel trade. It can also contain information relevant to the destination's inbound tourism businesses (e.g. accommodation grading schemes, tourism levy debates etc.) which helps to keep

tourism businesses at home informed and involved. This should also be distributed to overseas PR agencies for onward distribution to the travel trade in source markets.

- The tourism board develops a relationship with **inbound tourism businesses** in BiH. It attends key **international trade fairs** (e.g. WTM, ITB) with tourism businesses from the destination, so they can make contact with, and sell to, foreign tour operators. It is almost pointless for any tourism board to attend international trade fairs without commercial tourism products, as buyers from foreign tour operators are looking for new products and people with whom they can negotiate rates and allocations.
- The tourism board maintains contact with **key foreign outbound tour operators** via: a regular newsletter, meetings at trade fairs, possibly sales calls – either directly or, more valuable but more costly, via a trade sales agency.
- **Cooperative marketing** is a cost-effective way to increase both awareness of the destination and distribution of its saleable tourism products. It can be particularly effective in launching a new destination.

This involves undertaking joint-funded marketing campaigns with foreign tour operators (usually on a 50/50 basis, for a limited period, such as 3 years), through advertising in consumer media and hosted events, such as tour operator client evenings. This can also encourage tour operators to consider a new destination, by underwriting part of the risk they incur in introducing a new destination into their programmes and marketing it.

6.2 BiH Marketing Mix – Recommendations

How can BiH intervene in the tourism supply chain in order to grow tourism? And what tactics will be most cost-effective with limited resources?

Tactics

The marketing tactics proposed below represent a cost-effective approach that both reflects BiH's market potential and assumes limited marketing resources. They represent a **basic market-entry level** of marketing activity for BiH in each market.

Step 1: Stimulating Consumer Interest in, and Demand for, BiH

Marketing tactics are prioritised, with 3 levels of option, which will be dependent on budget resources (Priority 1 = Essential; Priority 2 = Valuable; Priority 3 = Optional). They are phased over 5 years (2008-2013), reflecting immediate and longer-term opportunities. They follow the three key steps outlined above (6.1: Destination Marketing Blueprint). BiH needs to create awareness of the country as a visitor destination. Without this few consumers will consider visiting. The most cost-effective tactics are:

Priority 1 (Essential)

- **Press relations (PR):** This should comprise:
 - Regular production of articles on BiH written and distributed to targeted travel media in main target markets, with on-line access to photographs.
 - Press trips: Travel writers from appropriate media (e.g. hiking, fishing magazines, newspaper travel sections and magazines, on-line travel sites) should be invited to BiH, and hosted by BiH tourism operators, to write about the country.
 - On-line photo library: This is essential for travel writers to be able to obtain a good selection of high quality, attractive pictures with which to illustrate their articles on the destination. Nine times out of ten, if a travel writer can't provide a decent photograph, the article will not be published. This is also invaluable for foreign tour operators, who feature BiH in their programmes
 - PR agency: The most cost-effective means of achieving ongoing press coverage is to appoint a PR/media marketing agency in each main target market. They will plant ideas for stories on BiH with the local press, help place articles on BiH,

source the most appropriate travel writers for BiH, generate press trips and manage destination product launches/press conferences in the overseas market. Their value lies in their knowledge of, and usually relationship with, the main travel writers in their home market, as well as their skill in knowing what will interest them (which varies from country to country, as well as from journalist to journalist). It is something that is hard to do remotely from any destination (i.e. BiH). But it is one of the single most cost-effective ways of putting a destination on the map, and far cheaper than advertising, which is a hungry beast.

Priority 2 (Valuable)

- **Niche product advertising/co-operative marketing with tour operators in source markets:** (Optional, subject to budget) This is a cost-effective way of creating product awareness and stretching marketing budgets by working on a joint-funded basis with trade partners, such as hiking tour operators. This is only warranted where the media cost is sufficiently low and a priced product offer underpins the ad. Whenever this is undertaken, it must be in highly targeted media and should always be integrated with negotiated editorial coverage, wherever possible.
- **E-marketing:** Eventually BiH should develop a database of enquirers and identify appropriate lists of key prospects (e.g. outdoor activity enthusiasts, sport fishermen) in key markets wherever possible, subject to budget. Although this may be unaffordable in the first year or two, BiH should consider establishing this as a customer relationship marketing platform that will enable highly targeted communication with key prospects in future years. Ideally this should be used both to stimulate interest in BiH and to sell products using the co-op marketing model outlined above.
- **Social networking:** The boom in social networking in the 2000s presents an opportunity for any destination to increase “word-of mouth” promotion. This means creating the possibility on the main BiH website for previous visitors to record their experiences in BiH and link to their videos (e.g. on You Tube). Some destinations and tour operators are even linking their sites to travel networking sites, such as Trip Advisor, for this purpose.

This has the value of extending coverage of BiH in a way that would otherwise be unaffordable; and, being both unsolicited commentary and from first hand experience, it has greater credibility than paid-for advertising. Some destinations are afraid to do this because of the risk of negative publicity. But experience shows that the percentage of positive comments about destinations (and tour operators) far outweighs the negative. It can also be a useful source of market intelligence to identify priorities for product and infrastructure improvements.

Also, for an unknown destination such as BiH, it can be more powerful as one of the few easily accessible sources of information on the destination. And backpackers, who tend to be some of the first leisure visitors to new destinations, being younger are also greater posters and readers of information on social networking sites. This therefore gives BiH a disproportionate opportunity from social networking compared to more established destinations. In the early days of establishing itself as destination BiH should seek all such free or low cost options for promotion, while also assessing the risks associated with each.

Priority 3 (Optional)

- **Consumer exhibitions** are not recommended in the first phase as they are expensive in both financial and human resource terms and the cost per valuable contact is generally very high. They should however be kept under review in future years, particularly niche exhibitions, such as outdoor/adventure exhibitions that are more specifically targeted, subject to budget.

- **Direct marketing**, including e-marketing, can be effective but costly. It is not recommended in the first phase for this reason; and because BiH has no valuable consumer database of previous enquirers, past visitors or potential visitors, who have expressed an interest in the country.
- **Press advertising** can fulfil both brand-building and tactical marketing needs. However the weight of campaign required to create an impact in any one market is expensive (See “Benchmarking” Section 7 below)
- **Web advertising and outdoor advertising** is not worth considering as it is too diffuse and relatively costly for any return.
- **TV advertising** is a useful, but very expensive, means of brand building. “Enjoy Life” has already been aired on CNN in relatively short bursts. The ideal campaign would be targeted with local language editions in each country, with media spots purchased at specific programme slots to reach BiH’s target segments. However this would require considerable weight to achieve significant market penetration, which would be very expensive (See “Benchmarking” Section 7 below).

In the absence of budgets that would permit such minimum campaign weight in one or more key markets, it is probably worth continuing to run “Enjoy Life” on CNN and, possibly, other pan-European channels and dedicated cable/satellite travel channels, as this will achieve at least some distribution of BiH imagery, which is of a very high quality. But such multi-country channels cannot achieve the penetration of BiH’s markets that local terrestrial, cable and satellite channels can in each individual country.

In view of the widespread lack of awareness of BiH as a tourism destination, and the creative quality of “Enjoy Life”, all cost-effective opportunities to show “Enjoy Life” to appropriately targeted audiences should be sought in BiH’s main markets (e.g. trade fairs, tour operators’ client evenings, in embassies etc.). Such opportunities could be pursued by in-market PR agencies, if appointed.

Step 2: Ensuring Potential Visitors Can Obtain Further Information and Buy a Trip

Having interested potential visitors in visiting BiH, it is important to ensure they can obtain further **information** to propel them towards a desire to purchase a trip. It must then be easy and quick for them to make that purchase. This is best achieved through:

Priority 1 (Essential)

- **Website:** An attractively designed, easily and quickly navigable website that is highly informative about the country is essential. It should also contain links to both international tour operators in foreign source markets (from whom prospective visitors can buy a trip to BiH) as well as to tourism operators in BiH.
- **Brochure:** Brochures have not yet been replaced by electronic publishing for the market segments that are interested in BiH. A principal brochure that provides an overview of BiH is still important. It should be both attractive and highly informative (i.e. Contents: *Country overview* – location in Europe (thumbnail map), people, places, culture etc. *Practicalities*: climate, visas, currency, voltage, time zone etc.; *Visitor Information*: what to do/see, how to get around, where to stay, food, price ranges etc.)

Ideally brochures should be available to potential visitors upon request, in their own language, both in their own country and after they arrive in BiH.

Research indicates that people who visit lesser-known countries with more limited tourism facilities such as BiH, mostly book through tour operators in their own country. Ensuring potential visitors can **buy** a trip to BiH is therefore best achieved through:

- **International tour operators - inspection/familiarisation visits:** It is important for key tour operator staff (e.g. product development manager/Balkan programme manager) to have some knowledge of the destination in order for them to be able to sell BiH with confidence. The more limited a destination's tourism facilities, the more important this is. Identifying and inviting these people on inspection/familiarisation visits to BiH is therefore an important step. This knowledge will need to be refreshed from time to time and new products and areas introduced to them to keep the destination fresh in their minds, and thereby BiH's sales potential maximised.
- **On-line photo library:** Provision of high resolution, high quality photography to tour operators proposing to include BiH in their tour brochures/programmes is essential - via an on-line photo library (See under Press Relations above).
- **Inbound handling agents:** Most international tour operators rely on inbound handling agents in the destination to construct itineraries for their clients because they have an in-depth knowledge of their own country and its tourism products. A list of BiH inbound handling agents should be maintained and provided to international tour operators. This should ideally be on a BiH destination (tourism board) website in a separate tourism industry/B2B section.

Priority 2 (Valuable)

- **International trade shows:** These are expensive, in both financial and human resource terms. They do however offer an opportunity to meet key tour operators, expose BiH and BiH tourism operators to the market and enable BiH to assess the competition. They present highly cost-effective opportunities for BiH inbound tour operators to make contact with key foreign outbound tour operators. Most foreign tourism boards fund the core country stand and invite participation by their inbound tourism operators at an affordable price.

The first priority should be **World Travel Market** (WTM) in London in November each year, because it is the most international trade show in the world and BiH can expect to meet major tour operators from all over Europe and the world there. BiH should also build on its existing (award-winning) investment in this show. The second, and for the time being only other truly global, trade show worth BiH attending in order to meet key tour operators from Europe and the rest of the world is **ITB**, in Berlin each March. Although the largest travel trade show in the world, ITB has a greater German orientation and generally doesn't attract quite as wide a range of key international tour operator buyers as WTM, although it is still very international. It complements WTM well in timing and reinforces a destination's commitment to work with international tour operators.

BiH should also consider attending **regional trade shows** in order to reach regional tour operators who might not attend WTM or ITB, as well as possibly consumers. However, these should be attended on an exploratory basis and monitored for their efficacy (e.g. quality of audience – business environment, business potential, credible tour operators, serious potential visitors, rather than “armchair travellers” etc.)

- **Trade newsletter:** A regular newsletter (electronic and/or printed) should be produced and distributed to international tour operators to inform them of new product developments, sales opportunities, regulations etc. in BiH.

Priority 3 (Optional)

- **International tour operators – sales calls & roadshows:** These are further means of consolidating relationships with key international tour operators. As with trade shows, the ultimate aim is to encourage tour operators to include BiH in their programmes so that potential visitors can find a BiH itinerary to buy, once their interest has been stimulated. Many destinations do this via programmes of sales calls and in-market roadshows.

- **Trade sales agency:** Trade sales agencies can be very effective in identifying foreign tour operators, who are most likely to consider including new destinations in their programmes, and in persuading them to do so. They can also generate familiarisation trips to BiH by foreign tour operators. Like PR agencies, their value lies in their knowledge of the tour operator landscape in their home market. They can also help run cooperative advertising campaigns, recruit partners, book media and monitor results etc.
- However, these two priority 3 options are not essential in the first phase for BiH. Attendance at the key trade shows (WTM, ITB and regional) and associated press/trade conferences, is sufficient in the early stages of BiH's development to begin this relationship with tour operators, particularly when budgets are likely to be quite limited. Undertaking sales calls on tour operators, running roadshows and appointing a trade sales agency might be considered at a later stage when tourism to BiH, and the marketing budget, have grown.

Step 3: Satisfying Visitors While They Are in BiH

Any destination needs to **deliver the promise** made by its marketing activities. Visitor satisfaction is primarily in the hands of commercial tourism operators. However, there are several things that others, such as a tourism board, can do to help satisfy visitors in BiH:

Priority 1 (Essential)

The hospitality industry in BiH (i.e. accommodation, transport, inbound tour operators, guides etc.) must understand international visitors sufficiently to provide them with an enjoyable and memorable experience. Fortunately the main ingredient is a natural welcome for visitors and friendliness, which is inherent in BiH cultural tradition. This is not teachable. The next stage, which is likely only to be affordable at a later stage in the destination's development, is a **comprehensive nationwide training programme** to improve service standards, develop tourism-specific skills, and provide insights into the different preferences of visitors from different countries.

Priority 2 (Valuable)

- **Visitor information:** Visitors should be able to obtain information on a range of items (where to go/what to do/see, how to get around, where to stay/eat etc.) from well-informed information staff at key visitor locations around BiH (e.g. Sarajevo, Mostar, Banja Luka etc.). They should also be able to obtain both the main brochure on BiH and brochures of commercial tourism operators (e.g. accommodation, restaurants, transport, excursions, attractions, flora and fauna, maps) at these points. Normally these would be local **tourism information centres**. Mobile technology will gradually reduce, but probably not completely eradicate, the need for this service.
- **BiH trade awareness:** Seminars should be held and a newsletter produced (electronic and/or printed) to advise BiH tourism operators (e.g. hotels, handling agents, transport operators, airport arrivals staff etc.) on:
 - international visitor requirements and expectations - product quality and service standards;
 - market trends in BiH's main source markets

Implementation

Undertaking these marketing activities requires a considerable amount of skill and experience. As indicated above, it is strongly recommended that, initially at least, BiH consider employing the services of one or more **agencies in key markets** that can deliver these services cost-effectively, starting with the largest potential market, the UK.

The advantages of this approach are the knowledge and contacts that such a marketing agency will have in the source market, particularly with media and tour operators. This also enables tourism board staff to develop necessary marketing skills and an understanding of the market while it is being developed.

The most important first step is appointing a **PR agency** to stimulate demand. Trade distribution can initially be achieved through other means, such as attendance at trade fairs and through links created between BiH incoming tour operators and foreign outbound tour operators. An outline cost of employing a marketing/PR/trade sales agency in the UK is attached in "Benchmarking" Section 7 below.

6.3 BiH Marketing Priorities

Based on an assessment of market potential outlined in the "Market Map Growth Potential 2008-13" (*Figure 2*) in the "Market Potential" section above, *Table 1* below **prioritises geographical markets and market segments for BiH to develop over a phased 5-year period**, subject to adequate marketing resources.

Table 1 also identifies the **most cost-effective marketing tactics** for tackling each segment.

Specifically, it shows the following:

- Primary market **priorities in years 1-3** (Priority 1)
- Secondary market **priorities in years 3-5** (Priority 2)
- Priority **geographic markets** (countries)
- Priority **market segments** in each country
- Recommended **marketing tactics** selected according to their cost-effectiveness
- Priorities for each marketing tactic are marked as follows:
 - XXX = High priority
 - XX = Medium priority
 - X = Lower priority

This reflects the limited marketing budget available and the need to develop BiH marketing skills before spreading the marketing net too wide.

Table 1: Proposed Marketing Activities for BiH – Prioritized 2008-13

MARKET	CONSUMER								TRADE	
	Press Releases (Newsltr)	Travel Writers' Visits	PR Agency	Main Destination Brochure	Website	On-line photo library	Niche Co-op Advtg	TV Advtg ("Enjoy Life")	Tour Op Fam Trips	Trade Fairs (WTM, ITB)
Priority 1 (Years 1-3)										
Global – all segments (emphasis Europe)				XXX Eng, German, BHS, Sloven	XXX Eng, Germ, BHS, Sloven	XXX		On website, YouTube, trade fairs / press confs		XXX
UK: outdoor enthusiasts (hikers)	XXX	XXX	XX	XXX	XXX	XXX	X	X	XXX	XXX
UK: culture/history enthusiasts	XXX	XXX	XX	XXX	XXX	XXX	X	X	XXX	XXX
Slovenia, Serbia, Croatia: outdoor enthusiasts (hiking, rafting etc.)	XXX	XXX	XX	XXX	XXX	XXX	X	X	XXX	XXX
Czech Rep.: outdoor enthusiasts (hiking, rafting etc.)	XXX	XXX	X	XXX	XXX	XXX	X	X	XXX	XXX
UK watersports enthusiasts (rafting, canyoning)	XXX	XXX	XX	XXX	XXX	XXX	X	X	XXX	XXX
Holland: outdoor enthusiasts (hikers)	XX	XX	X	XX	XX	XX	X	X	XX	XX
Germany: outdoor enthusiasts (hikers)	XX	XX	X	XX	XX	XX	X	X	XX	XX
Germany: culture/history	XX	XX	X	XX	XX	XX	X	X	XX	XX
Italy: fishermen	XX	XX		X	X		X		XX	X
UK: fishermen	XX	XX	XX	XX	XX	XX	X	X	XX	XX
UK: birders	XX	XX	XX	XX	XX	XX	X	X	XX	XX
Regional spas, skiing, conferences				X	X	X		X		
Ireland, Italy Poland, Brazil: religious pilgrimage				X	X	X		X		

MARKET	CONSUMER								TRADE			
	Press Releases (Newsltr)	Travel Writers' Visits	Main Destination Brochure	Website	Niche Coop Advt	TV/Niche Ads ("Enjoy Life")	Consumer Shows	CRM Direct/ E-Mktg	Trade Fairs (WTM, ITB)	Tour Op Fam Trips	Road-shows /Sales calls	Trade Sales Agency
Priority 2 (Years 3-5)												
EXISTING MARKETS												
Continue Priority 1 activities, plus:												
UK: (all segments)						X	X	X			X	X
Germany: (all segments)						X						
Holland: (Outdoor enthusiasts)						X	X (Utrecht, Op Pad)					
NEW MARKETS												
Global – all segments (emphasis Europe)			Czech, Dutch, Italian, Spanish	Czech, Dutch, Ital, Spanish					XXX			
Italy: outdoor enthusiasts	XX	XX	X	X	X				XX	XX		
Spain: outdoor enthusiasts	XX	XX	X	X	X				XX	XX		
France: fishermen	X	X		X	X				X	XX		
Bosnian diaspora (esp Germany, Scandinavia)	XX via diaspora network		XX	XX		XX						X

Explanation: Summary of Priorities

Priority 1 (Years 1-3)

- Global Marketing Support:

It is important to put the following in place as core elements of a marketing programme that will underpin all marketing in target markets and beyond:

- Develop a **website** firstly in English, then German, and subsequently possibly in Bosnian, Croatian, Serbian, Slovenian. This will have a potential global reach. For this reason English should be the priority language as the most widely understood by non-native English speakers in BiH's other markets. It will enable BiH to communicate reactively to many other markets worldwide, including the USA, than can be reached through proactive marketing, such as PR etc. It should also be used as the primary response mechanism to which all enquirers (both consumer and trade) are referred as a result of reading press releases and any advertising campaign material.

The website will require a dedicated **consumer section** (e.g. with a country overview, what to see, what to do, where to go, where to stay etc.), with **links** to tourism products that can be booked. These links should be both to tour operators who sell BiH programmes in each source market (e.g. UK, Germany etc.) and to inbound tourism operators in BiH (e.g. hotels, tour operators etc.)

It should also contain a dedicated **trade section** for foreign tour operators, with information on BiH tourism products and contacts, which is regularly updated.

Ideally the website should also include an **interactive social networking opportunity** for previous and intending visitors to BiH to post comments on their trip, reviews of BiH tourism products, photographs and videos as well as to exchange tips and experiences with each other. This can provide powerful word-of-mouth advertising and the percentage of negative comments is likely to be low, based on current experience in other destinations.

- Produce a **main BiH destination brochure** in English and German, and possibly Bosnian, Croatian, Serbian, Slovenian. This should be distributed to consumer enquiries, via tour operators, trade fairs, BiH embassies, to selected travel writers, and in response to any advertising campaigns that can be afforded in the key markets outlined. The importance of a printed brochure will decline as people rely increasingly on the internet. However evidence from elsewhere suggests that brochures still play an important role, particularly for independent travellers.
- Set up an **on-line photo library**, with creative, good quality, high resolution photos, for international travel writers and tour operators to access (free) for their articles and tour programmes. This is a critical resource that is incredibly cost-effective, which many countries overlook or do badly.

- Consumer Promotion

Creating consumer demand for BiH by raising awareness and stimulating interest in travelling to BiH is the first step. Without this, growth will be minimal or non-existent. Recommended steps, in order of priority, are:

- Focus on the most potentially productive markets in the short-term: **Slovenia, Serbia, Croatia UK, Germany and Czech Republic**
- The first priority should be the most potentially productive segments in these countries: **outdoor enthusiasts (esp. hikers, then rafters/watersports enthusiasts) in UK, Slovenia, Serbia, Croatia and Czech Republic; and culture/history enthusiasts in UK**

- The second priority should be: **outdoor enthusiasts (primarily hikers) in Germany & Holland; culture/history enthusiasts in Germany; birders and fishermen in UK; fishermen in Italy.**
- PR, in the form of a **consumer newsletter/media releases and travel writers' visits** to BiH, is the most cost-effective means of consumer promotion. It is highly recommended that a PR agency be appointed in the UK to achieve this. The PR agency should also be tasked with communication (e.g. via a **trade newsletter**) with key tour operators in each main market. The value of a PR agency is that it can target all segments in that country cost-effectively, in a way that paid-for advertising can't do as affordably.
- **Cooperative marketing** with foreign tour operators is recommended to achieve market penetration, increase BiH tour product distribution, and raise consumer awareness of opportunities to buy a trip to BiH. The offer of such marketing support will also help encourage tour operators to include BiH in their programmes. The extent of this will be subject to budget availability. A limit (e.g. 3 years) should be put on any such activity with a clear exit strategy from the start. Normally tour operator partners are expected to contribute 50%, with the tourism board contributing the other 50%. All results should be closely monitored and principles of cooperation agreed by participating tour operators from the start.
- It is not anticipated that budgets will be large enough to permit **TV advertising** of sufficient weight in key markets. However, every opportunity should be sought to air the highly acclaimed "Enjoy Life" in targeted free-to-air and low cost broadcasting opportunities. "Enjoy Life" is an inspiring and informative visual overview of BiH, with high production values, which should be made to work as hard as possible within budgetary constraints to raise awareness of BiH.

As a starting point "**Enjoy Life**" should remain on You Tube, with links from the website. A link should also be included as a mandatory feature in every marketing communication (e.g. press releases, newsletters, brochures, information to tour operators etc.). It should also be shown as the scene-setter at all press/trade conferences at, for instance, WTM & ITB.

In this way "Enjoy Life" can valuably overcome some of the deficiencies of budget limitations. In the absence of sufficient budgets to achieve meaningful market penetration in key markets, regional pan-market media such as CNN and dedicated cable/satellite travel channels etc., should be evaluated for impact. This should, however, not be at the expense of PR activities proposed above, which will have a far more sustained impact and deliver results more cost-effectively.

- Build a **consumer database** of previous visitors and interested enquirers from all possible sources, such as web enquiries (N.B. restrictions imposed by privacy laws in different countries can restrict the collation, potential and usage of such databases). This should form the basis of a customer relationship marketing programme in years 3-5 (Priority 2).
- Current **regional business, particularly spas, skiing and conferences**, is useful for spreading the season, although growth opportunities are limited compared to other international leisure business. This should be maintained primarily through existing low cost communications channels such as inclusion in the website and main brochure and, where affordable, media relations. But public investment should be limited, leaving the bulk of proactive promotion to BiH tourism businesses themselves, backed by the information provision outlined via the website and brochure.

- The opportunity to influence **religious pilgrimage travel** is limited, as the driver for this type of tourism lies beyond the scope of a tourism promotional body. Nevertheless, for the sake of providing a complete picture of the destination, religious pilgrimage sites should also be featured in the website and brochure. But, as with regional spa, skiing and conference business, the return on any proactive marketing investment is likely to be limited for the reasons outlined.
 - As with religious pilgrimages, the opportunity to influence travel to BiH by the foreign-based **Bosnian diaspora** is limited. However, a modest effort to communicate to the diaspora that BiH is changing and inform them about new tourism developments might be worthwhile, as long as it is low cost and not labour-intensive. Evidence from other countries shows that, as an overseas diaspora becomes established and their earnings grow, they may gradually spend part of their home visit travelling as tourists, having spent most of the time with their family. Although a low priority, they can probably best be communicated with via a newsletter to BiH community groups in their respective countries of residence in markets where their numbers are largest (i.e. **Germany, Scandinavia**). Usually this is best done through existing communications channels to the diaspora in each respective country, often via embassies or expatriate societies. However the task for a tourism body is to supply these channels with up to date information on BiH tourism products.
- Trade Distribution

Promoting BiH to the international outbound travel trade is essential to ensure potential visitors in foreign markets have access to BiH holiday packages. Once potential visitors' interest has been aroused, they need to be able to buy a trip to BiH. No matter how interested they are in visiting BiH, if they can't find a holiday to buy, then they are likely to go elsewhere. Foreign tour operators therefore need to be persuaded to package and distribute BiH holiday products for potential visitors to buy. The most important tactics to pursue in putting BiH on the market shelves of key foreign markets are:

 - **Familiarisation trips** to BiH for product buyers from targeted tour operators potentially interested in packaging and selling BiH. This is the first priority.
 - Attendance at the world's two largest international travel trade fairs (**WTM, London, & ITB Berlin**) is the second priority. This provides an opportunity for BiH to present itself to, and to provide a platform for its inbound trade to meet, key buyers from foreign tour operators. Although relatively expensive, the value lies in the number of decision makers who attend these two fairs over a few days. BiH should also maximise the sunk cost of attendance by hosting a press and trade presentation at each of the fairs. If only one was affordable, WTM in London in November would be the preferred option, because of the number of international buyers who attend. These are world stages, not local fairs.

Attendance at WTM and ITB will enable BiH to cover four categories of market worldwide:

 - **Existing markets:** regional markets plus current niche segments in UK, Italy, Turkey, Sweden etc.
 - **New target markets:** new geographic markets, such as UK, Germany, Holland etc.; also new niche segments in existing target markets, such as outdoor enthusiasts in Italy, Sweden etc.
 - **Modest opportunity markets:** markets that may supply a small number of visitors, but whose potential doesn't warrant further investment (e.g. Denmark, Switzerland, Belgium etc.).

- **Future markets:** markets that don't yet offer significant potential, but which are likely to grow over the next 5+ years – either in terms of their size or interest in BiH (e.g. Russia).
- Exploratory attendance at, and subsequent monitoring of, regional trade and consumer fairs. This offers the opportunity to reach tour operators in major neighbouring markets, who might not attend the higher cost global fairs such as WTM and ITB.
- The need for support material, such as a **dedicated trade section on the BiH website, trade newsletter** and an **on-line photo library** for tour operators to illustrate their BiH brochure programmes, has already been discussed above under “Consumer Promotion”.

Priority 2 (Years 3-5)

This assumes an increase in marketing budgets over years 1-3.

The main priority is to maintain, build on and expand activities undertaken in years 1-3 in main markets, which should by now have begun to show good growth.

The new markets, and additional activity proposed for existing markets in years 3-5, should only be introduced if sufficient activity can still be sustained in existing markets. Otherwise it would be inadvisable to stretch limited budgets across new markets, if existing markets could not continue to be penetrated to a threshold level.

Subject to this budget caveat, priorities in years 3-5 are:

- Undertake **TV (“Enjoy Life”)** and **niche publication press advertising (i.e. activity magazines)** in **UK**, followed by **Germany, Holland and regionally**.
- Identify and attend targeted **consumer travel shows** dedicated to adventure/active segments (e.g. The Daily Telegraph Adventure Travel Show in UK; Utrecht (general travel) & Op Pad (outdoor activities) in Holland)
- Assess size and value of consumer database built up in years 1-3. Develop a **customer relationship marketing strategy (CRM)**. Consider targeted regular e-mail newsletters to database.
- Undertake a programme of **trade roadshows** in key cities or **sales calls** to highly targeted tour operators in **UK**.
- Consider **Czech, Dutch, Italian, Italian and Spanish** language versions of the **website**, with links to local outbound tour operators selling BiH.
- Produce **Czech, Dutch, Italian, Italian and Spanish** language versions of the main BiH **brochure**, and distribute it as identified for key markets in Priority 1 above.
- Undertake **media relations activities** (i.e. press releases, journalists' visits) and niche co-op advertising with tour operators targeted at **outdoor enthusiasts** (hikers and watersports enthusiasts) in **Italy and Spain** and at **fishermen** in **Italy and France**
- Run **familiarisation trips** to BiH for **Italian, Spanish and French** tour operators specialising in these niche segments
- Being global in reach, **WTM** and **ITB** will reach these secondary markets too.
- **Review the changing market landscape**, for unforeseen market opportunities and emerging new segments that might change this order of market priorities.

Review marketing communications channels and technological advances for potential improvements in the means of communicating cost-effectively with priority markets.

7. BENCHMARKING: NATIONAL TOURISM ORGANIZATION BUDGETS

This section attempts to provide a sense of perspective by looking at the budgets of other destinations. Comparator destinations have been chosen that are nearest to BiH in terms of size, or in the nature of their tourism product. It also provides an indication of the range of European NTO budgets from the lowest to the highest, in order to provide a sense of scale with regard to the competitive environment in which BiH is operating.




It must be borne in mind that some NTOs have different functions from others (e.g. some undertake product development; some only undertake international marketing; while others are responsible for domestic marketing as well; and there is not always a consistency between budget headings). Common to all, however, is the role of international marketing. This section aims to aid understanding of the minimum levels of investment required to penetrate international markets at threshold levels.

Much of this information is held in confidence by foreign tourism boards. Consequently, the reliability of these sources⁵ of information varies from destination to destination. It is therefore not always comprehensive or precise. Nevertheless it provides a snapshot indication of the cost of international marketing, ranging from entry level for a small country to the more comprehensive suite of marketing activities undertaken by established destinations.

Table 2: NTO Budgets

Country	Year	Marketing	Operations	TOTAL (Euros - est.)
Estonia	2005	c. Euros 2.8m (93%)	c. Euros 0.2m (7%)	3m
Slovakia	2005	c. Euros 4.8 (74%)	c. Euros 1.7 (26%)	6.5m
Czech Republic	2005	c. Euros 5.5m (79%)	c. Euros 1.5m (21%)	7m
Slovenia	2005	c. Euros 7m (78%)	c. Euros 2m (22%)	9m
Hungary	2005	c. Euros 11m (62%)	c. Euros 7 m (38%)	18m
Croatia	2008	c. Euros 28.5m (79%)	c. Euros 7.6m (21%)	36.1m ⁶
Austria	2005	c. Euros 30m (65%)	c. Euros 16.5m (35%)	46.5m
UK	2005	c. Euros 34m (47%)	c. Euros 38m (53%)	72m
Spain	2005	c. Euros 60m (63%)	c. Euros 36m (37%)	96m
Greece	2005	c. Euros 54m (44%)	c. Euros 68m (56%)	122m

Key to budget levels:

	= Among lowest
	= Mid range
	= Among highest

⁵ Sources include: National Tourism Offices (NTOs), United Nations World Tourism Organisation (UNWTO), third party reports, consultant's prior knowledge, and publicly available information on the Internet.

⁶ Euro exchange rate as at Feb 26 2008: 1 Euro = HRK 7.27. N.B. This is merely for the sake of enabling comparison between budgets.

Explanation

Although there is no real consistency between the expenditure on different activities by national tourism offices (NTOs), it is possible to draw some conclusions at a general level about NTO budget allocations:

- NTO activities split between **marketing and operational** expenditure
- Generally the **largest slice of an NTO budget is spent on marketing** (c. 60%), with c. 40% allocated to operations (N.B. Some NTOs count their overseas offices as marketing costs, while others include them as operational costs)
- NTOs are mostly funded by their governments. Public funding generally accounts for > 80% of most NTO's expenditure.
- Where the proportion of an NTO budget spent on marketing exceeds 75-80%, this is likely to indicate a smaller country, which has few, if any, overseas offices (e.g. Estonia). This can be a highly effective approach if well targeted, for a small destination, such as BiH.
- Most NTOs maintain offices abroad, although the increasing reliance on electronic communications is likely to reduce the numbers of these. Overseas offices are probably not warranted for smaller destinations with limited tourism capacity or which are in the early stages of growth. Smaller destinations, such as BiH, need to compete by working in a smarter, highly targeted way. They have an opportunity to focus the bulk of their budget on focused marketing, usually through outsourced agencies, rather than having to maintain expensive fixed legacy costs of international offices and staff.
- The more effective tourism offices tend to have a lower ratio between staff in overseas offices and staff in head office, whereas less effective NTOs generally have a much higher complement of staff in head office compared to overseas.
- Generally the lion's share of marketing expenditure by NTOs is spent on advertising. In very broad terms, marketing expenditure by NTOs tends to be spent in the following proportions:
 - Advertising (TV, press, CRM, direct: > 40%)
 - Trade fairs and roadshows: c. 14%
 - Information provision: c. 10%
 - Trade familiarisation trips for tour operators & travel agents: c. 10%
 - Media relations (journalists' visits & PR agencies): c. 6%
 - Internet : c. 4% (increasing)
 - Market research : c. 2-3%
 - Other (e.g. internal marketing, inbound travel trade seminars & training, quality grading schemes etc.): c. 10%

8. RESOURCES

8.1 Approach

BiH is unlikely to be able to raise the level of tourism marketing budgets that would enable it to compete with Europe's leading tourism destinations. Nor is this necessary because:

- BiH is not, and should not aspire to be a mass tourism destination. Otherwise it would spoil the nature of its inherent appeal and therefore risk developing unsustainable tourism flows.
- BiH does not have the product capacity to compete with such large destinations.

- A well-targeted and highly focused marketing strategy can deliver the levels of tourism with which BiH can cope, both now and for the foreseeable future.

For this reason it is not recommended that BiH set up a network of international tourism offices. Rather BiH should target its marketing through **outsourced agencies**, such as international PR agencies, maximise **electronic communications**, and **BiH embassies** abroad.

Nevertheless, a certain level of investment is required, in terms of both marketing budgets and skills recruitment/development, in order to achieve an effective level of market penetration.

This strategy has been prepared on the basis that a state-level body, such as a **national tourism board**, would be required to carry out the functions proposed. This will be particularly important in order to address the gap that will result following the end of the USAID CCA project, in which USAID CCA, along with the Tourism Association in BiH, has undertaken many of the functions that would normally be carried out by a tourism board.

8.2 Skills

It is not the remit of this paper to analyse the human resource levels required to implement the proposed strategy. However, while the number of people required will depend on the level of budget available to implement the marketing programme, the following skills will be a priority:

- **Strategic:** to develop a business plan, measure progress and refine activities as circumstances change
- **Marketing:** to develop and implement a marketing plan
- **Project management:** to manage marketing projects and outsourced agencies (e.g. PR agencies, advertising/marketing/trade sales agencies, web developers etc.)
- **People management:** to manage staff effectively to deliver against the plan
- **Financial:** to control costs and ensure cost-effective investment
- **Monitoring:** to assess the impact of marketing investment and make any necessary changes

8.3 Marketing Costs

As is evident from *Table 2* above indicating marketing expenditure by different national tourism organisations (*Benchmarking: NTO Budgets*), the cost of marketing a destination is only limited by the budget available. It takes a lot to establish a destination in the list of peoples' holiday choices in any one market and to keep it there year after year.

Few NTOs reach the point in any one market where their marketing investment begins to yield significantly diminishing returns. Good opportunities are always available for marketing a destination. The skill lies not in knowing what to do, but in knowing what not to do. That is why a marketing strategy, which clearly prioritises markets and the best, most cost-effective marketing opportunities in each, is vital. Without it, there is a high risk of reacting to ad hoc opportunities and wasting valuable marketing budgets without achieving any significant impact.

However, while the range of marketing investment opportunities may be almost infinite, there is a **threshold level**, below which it seldom makes sense even to attempt to penetrate a market. This will vary from market to market, according to the cost of media and wages in each market, the weight of advertising required to achieve a minimum impact and other associated marketing costs.

The table below attempts to provide an outline indication of **threshold marketing costs in five markets** (UK, Germany, Holland, Italy and Hungary). These figures reflect **only marketing costs directed at consumers on the ground in foreign markets**. They do **not** include:

- **Staff costs:** Staff will be required both to undertake central marketing and strategic development support in head office, as well as to manage foreign outsourced agencies (e.g. PR agencies etc.). NTOs often make the mistake, when outsourcing their activities, of underestimating the need for skilled staff at head office to develop marketing strategies for each foreign market and to manage the agencies to which they have outsourced the delivery of marketing activities. Outsourced agencies do not run themselves.
- **Central marketing support costs:** (e.g. website, brochure, on-line photo-library etc.). Although not costed here, these have been included as an aide-memoire, in order to complete the summary of activities required for a threshold-level marketing campaign.
- **International trade fair costs:** This depends on the size of stand and amount of space, plus associated press conferences/travel trade launches etc.
- **Production costs:** (e.g. for editing, updating or producing a new version of “Enjoy Life”)
- **Travel and subsistence costs:** (i.e. within BiH and for international travel)
- **Foreign travel writers’ visits to BiH:** Hopefully BiH will be able to follow the example of many other destinations around the world, where private sector tourism operators, who stand to gain from tourism growth, view the hosting of foreign travel writers as a marketing investment rather than as a cost and therefore provide such hosting free of charge, or at least at cost.

Foreign tour operator familiarization visits to BiH: Hopefully BiH will follow the example of many other destinations for “fam trips”, as for travel writers’ visits above.

Table 3: Consumer Promotion Budgets
000 Euros

Item	UK	Germany	Holland	Italy	Hungary	Comment
PR agency	60	60	60	60	40	
Co-op advertising w. tour operators (press)	90	100	80			50% share of total
Brand Advertising – TV Travel Channels	450	500	400			5 ads / 4 channels
Consumer Travel Press Ads	150	180	140			3 ads / 6 mags
Total	755	840	680			

These are realistic costs targeted to priority needs of a tourism destination like BiH. For comparison, the following table provides indicative advertising costs of a robust media marketing campaign, as reported by a marketing agency in Sarajevo⁷.

⁷ Provided by McCann Erickson, Sarajevo

Table 4: Indicative Media Campaign Costs
000 Euros

Item	UK	Germany	Holland	Italy	Hungary	Norway	Poland
Print	301	343	160	206	8	127	39
Radio			88	145	66	135	243
OOH		1757	388	130	176	230	220
TV	400	1493	296	113	232	489	200
Other Media		101					
Total	701	3351	932	594	482	981	702

Conclusions Regarding Media/Advertising

Threshold market entry level costs for consumer marketing alone (excluding production, staff, central support and travel costs), based on *Table 3*, comprise 3 options:

PR only: c Euros 60,000 – 100,000 per market

PR + co-op advertising only: c. Euros 150,000 – > 200,000 per market

PR + co-op advertising + brand advertising: c. Euros 500,000 – 1 million per market

PR alone could be effective. PR + co-op advertising could also be effective and the extent of co-op advertising need not be limited by this amount. But if brand advertising is desired, little impact is likely to be achieved below Euros 500,000.

Table 4 illustrates the realistic cost of consumer advertising campaigns in several countries. However it is not recommended that BiH invest this level of advertising spend. Rather the figures in *Table 3* represent a more appropriate threshold-level budget for BiH, beginning with PR only in selected markets at a cost of Euros 60,000 – 100,000 per market.

Furthermore, the promotion budget assumes free hosting of foreign travel writers and tour operators familiarization trips.

9. MONITORING AND MEASUREMENT

Once a budget has been allocated and a marketing action plan drawn up, it will be important to build in methods of monitoring market behaviour and measuring progress.

Two main types of measurement are required:

- **Market intelligence:** Monitoring changes in market behaviour, customer trends and other external factors that are likely to affect future demand for travel to BiH.
- **Marketing impact:** It is important to measure the impact of various marketing tactics in different markets. Results should then be used to refine the following year's marketing plan.

Top-line monitoring mechanisms and measurement indicators could include:

Market Intelligence

- Survey of visitors in BiH to determine:
 - Visitor origin (country)
 - Purpose of visit (e.g. holiday, business, conference, study, visiting friends and relatives (VFR), other)
 - Length of stay
 - Region visited

- Main activities undertaken during visit
- How they booked their travel
- What other destinations they considered (as competitors)
- Visitor satisfaction levels

Impact Measurement

- A Tourism Satellite Accounting System to measure impact, including the multiplier effect, throughout the economy
- Visitor numbers by country
- Visitor spend by country
- Return on marketing investment: How much did marketing campaigns influence on visitor decisions in the following areas:
 - decision to visit BiH
 - length of stay in BiH
 - expenditure in BiH
 - regions visited
 - activities undertaken
- Brand awareness: This can be expensive, but, eventually, it would be worth considering including a question in foreign Omnibus-style surveys to measure awareness of, and attitudes towards, BiH in order to measure changing perceptions. This would need to be undertaken regularly over a period of years to measure impact. In the meantime a proxy, such as surveys of foreign tour operators' perceptions, and the way in which they change, could be used.

10. NEXT STEPS

Key steps in taking these recommendations forward are:

- **Tourism board:** Establish a state-level body that can carry out the functions of a national tourism board. This is critical in order to build on and continue the impact, and deliver against the expectations that have been created by the USAID CCA tourism team in conjunction with the Tourism Association of the Federation of BiH. Otherwise momentum and credibility will be lost, and BiH's international reputation will suffer. This must have complete commitment from the state, both entities and Brcko district, as well as the private sector.
- **Budget:** A budget for carrying out the activities recommended in this strategy is urgently required. This has to be realistic (See *Table 3* above for indicative consumer marketing costs in foreign markets).
- **Marketing action plan:** An action plan needs to be developed to implement this strategy.
- **Research plan:** The following significant knowledge gaps were identified in stakeholder workshops. These need to be addressed in order to understand BiH's tourism potential better and monitor progress year by year.
 - Inbound tourism statistics (by purpose of visit)
 - Consumer demand (trends)
 - Visitor profile (by market segment, by country – key markets only)
 - Perceptions of BiH in key markets (amongst previous visitors and non-visitors who fit BiH's market profile)

- Size of key markets
- Benchmark individual products to assess their competitiveness (e.g. spas, skiing, conferences)
- Infrastructure development needs
- Travel motivation in key markets (e.g. level of interest in key product appeals/experiences offered by BiH – nature, culture, activities etc.)
- **Brand toolkit:** Brand guidelines need to be developed, distributed and communicated to key stakeholders in BiH and overseas. This should explain clearly how stakeholders in all business sectors (e.g. tourism, timber, water, inward investment, exports, diplomacy etc.) can apply BiH brand values in their own marketing communications.
- **Stakeholder engagement strategy:** Whoever is responsible for taking the development of BiH tourism forward should develop a strategy for engaging with key tourism stakeholders in BiH on a regular basis. The purpose of this is to ensure they understand the market potential, are kept up to date on the latest trends in key international markets, and have a means of participating in the development of BiH tourism (e.g. from international trade fairs and a national website to strategic product development).